

FINAL

The [REDACTED] Chair of Economics at Mercatus Center at
George Mason University

Agreement between the Mercatus Center

and [REDACTED]

This Agreement is made July // 2003 between the [REDACTED] Grantor, and the Mercatus Center, Inc., 3301 North Fairfax Drive, Arlington, Virginia 22201, a qualified exempt charitable organization ("Mercatus").

1. **Property Transfer.** In order to honor the memory of [REDACTED] and in recognition of their dedication to the principles which this Chair is being established to foster, to support the mission of Mercatus, and to create the [REDACTED] Chair at the Mercatus Center at George Mason University ("The [REDACTED] Chair"), the Trust shall pay or cause to be paid to Mercatus the sum of \$1,000,000 under the schedule outlined in Section 5, *infra*. Mercatus shall have claim upon the assets of the [REDACTED] to satisfy this obligation.
2. **Objectives and Requirements of the Chair.** The objective of the [REDACTED] Chair is to increase understanding and acceptance of economics based on the principles of free markets, private property, limited constitutional government, the rule of law, and individual freedom with responsibility and to expand public support of these principles. The occupant of the chair shall hold a doctorate degree in economics and shall be schooled, qualified in, and committed to the foregoing principles. The objectives of the Chair shall be accomplished through teaching, research, publishing, print and electronic media and such other means as may reasonably be deemed to be effective to advance the purposes of the Chair. The occupant shall devote full time to the activities of the Chair. At the conclusion of each academic year, the occupant shall provide the Selection Committee and the Advisory Board with a brief summary of the principal activities, accomplishments and expenditures of the Chair for the previous year. Any additional objectives or requirements for the Chair shall be decided by unanimous vote of the Selection Committee (Section 3, *infra*).
3. **Selection Committee.** The Selection Committee shall have five (5) members. The decision-making rule for the Selection Committee shall be majority vote, except in the case of providing additional objectives or requirements, in which case the decision-making rule shall be by unanimous vote. The members of the Initial Selection Committee (i.e., the Selection Committee that chooses an Initial Chairholder as defined in Section 4, *infra*) will be: the President of the Mercatus Center, the Chair of the Economics Department at George Mason University, one (1) member designated by [REDACTED] or his descendants, one (1) member designated by the Chair of the GMU Economics Department, and one (1) member

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designated by the Provost of George Mason University. For selection of any Chairholder who would not qualify for the GMU Faculty Position (as defined in Section 4, *infra*), the GMU Provost designee would be substituted by an additional [REDACTED] designee.

4. **Structure of Chair.** Mercatus will employ or contract with the holder of the [REDACTED] Chair. The Chair will exist at Mercatus in perpetuity in accordance with the terms and conditions of this agreement. An invitation to occupy the chair will require a majority vote of the Selection Committee. Additionally, through a separate agreement between the Mercatus Center and George Mason University (Appendix A), any Initial Chairholder will have a tenured faculty position within the Economics Department at George Mason University ("GMU Faculty Position"). Mercatus will enter into that agreement with the University in reliance upon fulfillment of this Agreement. George Mason University will pay the university salary and provide full university benefits for the GMU Faculty Position as long as an Initial Chairholder qualifies for a tenured faculty position at George Mason University. For purposes of this agreement and the separate agreement in Appendix A, Initial Chairholder shall refer to any individuals chosen by the Initial Selection Committee and ratified by the Department of Economics to occupy both the Chair and the GMU Faculty Position prior to August 15, 2009.

Unless this agreement and/or the agreement in Appendix A are amended by the parties through separate consideration, any connection between the Chair and the GMU Faculty Position will expire when that Initial Chairholder occupying the Chair as of August 30, 2009, voluntarily leaves the GMU Faculty Position. Notwithstanding, both parties reserve the right to amend this Agreement through separate consideration to create a permanently endowed fund for the perpetual maintenance of the Chair and the GMU Faculty Position and to have the funds pledged herein contributed to such an endowment.

5. **Payment Schedule.** The first payment of \$200,000 shall be made to Mercatus on or before August 31, 2003, conditioned upon Russell Roberts of St. Louis, MO having been approved to become the first occupant of the Chair with an agreement in place to effect his employment as such. Each of the additional five (5) annual payments of \$160,000 shall be paid on or before the last day in August each year beginning in 2004 and ending in 2008. In the event that the chair may be vacant during any portion of this period, payments may be suspended during such period of vacancy. When the vacancy is filled, payments will then be resumed and the payment schedule extended correspondingly so that the total amount to be paid will remain the same. The payment schedule will be as follows:

<u>On or before</u>	<u>Amount</u>
August 31, 2003	\$200,000
August 31, 2004	\$160,000
August 31, 2005	\$160,000
August 31, 2006	\$160,000
August 31, 2007	\$160,000
August 31, 2008	\$160,000

No additional service fee or tax will be applied to this grant.

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6. Receipt and Management of Funds. The grantors or any other persons or entities may make additional contributions of cash or other real or personal property to support the work of the chair. All contributions shall be subject to the terms and conditions of this agreement. Any funds being held for the Chair shall be invested to produce optimal income and/or growth with reasonable risk and any such income shall be utilized for the benefit of the chair.

7. Safeguard of Philanthropic Intent & Educational Objectives. In order to preserve and safeguard the philanthropic and educational intent of the Grantors and the educational objectives of GMU and Mercatus, the latter entities shall have full and unfettered discretion to administer the Chair as they deem appropriate, provided that such administration shall be consistent with the terms of this agreement and in accordance with the objectives, purposes and principles set forth by the Grantors in this agreement.

The Chair shall be operated exclusively for charitable and educational purposes within the purview of Section 501(c)3 of the Internal Revenue Code of 1954 or such section or comparable section as hereinafter amended. No part of the funds shall inure to the benefit of any private individual and/or business corporation and no part of the activities of the Chair shall consist of carrying on or otherwise attempting to influence legislation or participating or intervening in any political campaign on behalf of any candidate for public office.

8. Advisory Board. An Advisory Board shall be created consisting of one representative named by [REDACTED] or his lineal descendants; one representative to be named by Mercatus Center; and a third representative to be named by the first two representatives. These representatives shall serve so long as they are willing and able to do so. In the event that either [REDACTED] or his descendants, or Mercatus shall fail to select a representative to the Advisory Board, then such representative shall be named by the remaining members of the Advisory Board. They shall exercise reasonable effort and judgment to name a representative who can reasonably be expected to represent the interests of the party which would otherwise have authority to select such representative. The Advisory Board shall have the responsibility of reviewing the administration of Sections 2 through 7 of this agreement and in so doing it shall have the right to:

- Consult with the Selection Committee regarding the qualifications of candidates for the Chair;
- Discuss with the Grantees and their representatives/affiliates, their administrative officers or trustees, the appointment of an occupant of the Chair and any other matters relating to carrying out the purposes for which the Chair is established;
- Ensure compliance with the terms of this agreement through appropriate administrative or legal channels.

The Advisory Board shall have no authority or control, either directly or indirectly over the funds received by the Grantees and their representatives/affiliates, over the administration of the Chair or the selection of the occupant of the Chair and shall only act as a body that has a continuing interest in seeing that the terms and conditions of this agreement and the obligations of Mercatus and GMU and their representatives/affiliates are carried out.

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8. State Law Provisions This Agreement shall be governed by the laws of the state of Virginia.

In addition, to the extent an amendment does not conflict with federal law, the agreement may be amended by mutual agreement of the parties.

IN WITNESS WHEREOF, the Mercatus Center and [REDACTED] have executed this Agreement on the date first stated above.

[REDACTED]

Mercatus Center, Inc.

Incorporation Date -- 1987

By: [Signature]

Paul Edwards - President

Date: 22 July 2003

By: [Signature]

Tyler Cowen - General Director

Date: 24 July 2003